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Reply to the Fifth Survey of O.E.E.C

Report[1]
Committee on Economic Affairs and Development
Rapporteur: Mr George BROWN, United Kingdom, Socialist Group

1. 1953 - 5th Session - Third part

A. Draft Resolution in reply to the Fifth Report of O. E. E. C.

1. The Consultative Assembly of the Council of Europe expresses its thanks to the O. E. E. C. for the comprehensive Fifth Survey submitted to it.

2. The Assembly notes, in particular :

that there has been a slight increase in the volume of trade between member countries;

that the volume of trade between member countries and countries not members of O. E. E. C. has failed to increase;

that, on the other hand, there has been an improvement in the trade balance between 0 E E C countries as a whole and the rest of the world, which is mainly due to more favourable terms of trade;

that, generally speaking, progress in the field of liberalisation has been resumed after last year's grave setbacks;

that the 0. E. E. C. is investigating the problem of a transition from the present régime of the E. P. U. to a wider multilateral system of trade, payments and credit;

that the trend of wholesale prices in most member countries is now downward and that the cost of living has been fluctuating only slightly;

that industrial production in OEEC countries has been stagnating for some time;

that the setting up of an Advisory Investment Board is under consideration ; and

that the 0. E. E. C. has taken steps to increase its efforts to promote productivity through the establishment of a European Productivity Agency.

3. The Assembly is in agreement with the observations made in the Survey on the problems of convertibility, which coincide with those which it expressed in its Resolution 29 of 12th May, 1953 :

a. that the convertibility of currencies must never be achieved at the price of restrictions on trade;

b. that measures designed to restore convertibility of a European currency should not be taken unilaterally but that, since they might create difficulties for the O E EC liberalisation system, the E. P. U. and the common market of the European Coal and Steel Community, they should only be adopted after consultation with all the parties concerned; and

c. that they should be taken along lines which will not jeopardise European integration.

4. The Assembly also agrees that further progress in the field of trade liberalisation must be made, for, until the lost ground has been more fully recovered, countries which have maintained the greatest degree of liberalisation may find it difficult to continue to do so.

5. The Assembly wishes, however, to draw the attention of the O. E. E. C. to the following considerations.

B.

1. A - Guarding against a Recession

1. The Assembly regrets that the present Survey is almost entirely confined to historical review and does not attempt to look into the future. This is the more regrettable since it is evident that the economic climate of the world is changing and may be radically different in a few years from that which we have experienced since the war. Already many prices of raw materials and food have begun to show a recession, and competition between manufacturing countries is converting the sellers' into a buyers' market. The changes likely to take place in the volume and character of the re-armament programme, which has played the major part in creating the industrial boom of the last three years, will also tend to create a new situation. Even if these changes do not precipitate a slump of the oldfashioned type they will inevitably mean great changes in the pattern of trade.

2. The Assembly therefore asks the Organisation to consider at an early date what would be the best means of counteracting any decline in employment and economic activity that may occur and of dealing with a radical change in the price .structure ; it asks the Organisation to make a report as soon as possible indicating its plans for action in such a situation.

3. In this connection the Assembly wishes to stress the importance of the Strasbourg Plan and to point out the benefits which would accrue to Europe, no less than to the under-developed countries, if plans where thoroughly prepared in advance for their economic development and could be accelerated immediately if and when a recession appeared.

2. B - Economic Expansion

4. The Assembly considers, moreover, that, after a period in which internal financial stability has been the primary object of policy in a number of member countries, high priority can and should now be given to a policy of expanding production. The alternative before us is economic stagnation or prosperity : and an elastic credit policy aiming at the full use of all our resources is now both necessary and possible.

5. It recalls the Declaration made by the Council of the O. E. E. C. in June, 1951 calling for a 25 % rise in output within a period of five years; it notes that this general target is now being replaced by a programme of selective expansion and urges the Council of the O. E. E. C. to make known its detailed proposals at an early date.

6. The Assembly calls upon the O. E. E. C. to spare no effort in encouraging investment in agriculture and essential industries, especially in those sectors and areas which may fairly be regarded as under-developed. It considers that the easing of restrictions on capital movement within the area of Europe and the overseas countries associated with it now demands action.

7. Similarly, it urges the O. E. E. C. to do all in its power to increase both agricultural and industrial productivity. It welcomes the establishment of a European Productivity Agency and expresses the hope that it be used and developed to the utmost to promote agricultural no less than industrial productivity.

8. The Assembly wishes, moreover, to stress the political importance of this task. It notes the evidence presented in the last Annual Report of the Economic Commission for Europe of rapid increases in the production and productivity of the countries of Eastern Europe and of North America ; and it would urge those responsible for the conduct of the economic affairs of Western Europe to be no less unremitting in their efforts in this direction.